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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3301)

**TERMINATION OF EXISTING CONTINUING
CONNECTED TRANSACTION
AND
NEW CONTINUING CONNECTED TRANSACTION**

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AND NEW CONTINUING CONNECTED TRANSACTION**

2020 Master Ronshine Property Management and Related Services Agreement

Reference is made to the announcements of the Company dated 8 November 2016 and 23 November 2018 in relation to the 2016 Master Pre-delivery Property Management Agreement, pursuant to which Rongxin Shiou Property agreed to provide Pre-delivery Property Management Services to the Group at the pre-sale and pre-delivery stages, and the renewal of the 2016 Master Pre-delivery Property Management Agreement pursuant to the Supplemental and Renewal Agreement for a term of two years from 1 January 2019 to 31 December 2020 (both days inclusive).

As the Supplemental and Renewal Agreement is due to expire on 31 December 2020 and to further optimize and unify the Group's business relationship with Rongxin Shiou Property, the Board announces that on 3 November 2020:

- (i) the Company and Rongxin Shiou Property entered into the Termination Agreement to terminate the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement), upon which, each of the Company and Rongxin Shiou Property shall be released and discharged from its respective further liabilities and obligations thereunder absolutely; and
- (ii) the Company and Ronshine Service (which in turn indirectly holds Rongxin Shiou Property) entered into the 2020 Master Ronshine Property Management and Related Services Agreement, pursuant to which Ronshine Service agreed to provide the Property Management and Related Services to the Group for a term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

LISTING RULES' IMPLICATION

As at the date of this announcement, Ronshine Service is indirectly owned as to 100% by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Ronshine Service and its subsidiaries are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the 2020 Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine Service constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) for the proposed annual cap amounts under the 2020 Master Ronshine Property Management and Related Services Agreement is or are, on an annual basis, expected to exceed 0.1% but less than 5%, the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement are subject to the reporting, annual review and announcement requirements, but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2020 MASTER RONSHINE PROPERTY MANAGEMENT AND RELATED SERVICES AGREEMENT

Reference is made to the announcements of the Company dated 8 November 2016 and 23 November 2018 in relation to the 2016 Master Pre-delivery Property Management Agreement, pursuant to which Rongxin Shiou Property agreed to provide Pre-delivery Property Management Services to the Group at the pre-sale and pre-delivery stages, and the renewal of the 2016 Master Pre-delivery Property Management Agreement pursuant to the Supplemental and Renewal Agreement for a term of two years from 1 January 2019 to 31 December 2020 (both days inclusive).

Details of the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement) are set out below:

2016 Master Pre-delivery Property Management Agreement

- Date: 8 November 2016 (as amended and supplemented by the Supplemental and Renewal Agreement on 23 November 2018)
- Parties: (a) the Company
(b) Rongxin Shiou Property
- Subject: Pursuant to the 2016 Master Pre-delivery Property Management Agreement, the parties agreed that Rongxin Shiou Property will provide pre-delivery property management services at the pre-sale and pre-delivery stages (including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services (collectively, the “**Pre-delivery Property Management Services**”) to the property projects of the Group in the PRC.
- Term: The 2016 Master Pre-delivery Property Management Agreement has a fixed term, which commenced from the date of the 2016 Master Pre-delivery Property Management Agreement (i.e. 8 November 2016) and ended on 31 December 2018 (both days inclusive).

Supplemental and Renewal Agreement

On 23 November 2018, Rongxin Shiou Property and the Company entered into the Supplemental and Renewal Agreement, pursuant to which Rongxin Shiou Property and the Company agreed, among others:

- (i) for Rongxin Shiou Property to provide certain property management services including real estate information consulting, project design, construction and agency sales services, construction maintenance and repair services and marketing promotion service, in addition to the Pre-delivery Property Management Services under the scope of the 2016 Master Pre-delivery Property Management Agreement; and
- (ii) to increase the annual cap of the service fee to be paid by the Group to Rongxin Shiou Property under 2016 Master Pre-delivery Property Management Agreement for the year 31 December 2018 from RMB65,000,000 to RMB140,000,000 (collectively the “**2018 Revision**”).

Saved for the 2018 Revision, all other material terms of the 2016 Master Pre-delivery Property Management Agreement remained unchanged.

Existing Annual Caps and Services Provided

Pursuant to the Supplemental and Renewal Agreement, the annual cap amounts for the services under the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement) for each of the two financial years ended 31 December 2018 and 2019 as well as the financial year ending 31 December 2020 are as follows:

	2018 <i>RMB</i>	2019 <i>RMB</i>	2020 <i>RMB</i>
Provision of property management services by Rongxin Shiou Property to the Group	<u>140,000,000</u>	<u>220,000,000</u>	<u>250,000,000</u>

The total actual transaction amount for the provision of the property management services under the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement) by Rongxin Shiou Property for each of the two financial years ended 31 December 2018 and 2019 and the period from 1 January 2020 up till 3 November 2020 are as follows:

	For the year ended 31 December 2018 <i>RMB</i>	For the year ended 31 December 2019 <i>RMB</i>	For the period from 1 January 2020 till 3 November 2020 <i>RMB</i>
Actual transaction amount for the provision of property management services by Rongxin Shiou Property to the Group	<u>135,000,000</u>	<u>157,000,000</u>	<u>228,694,086</u>

The Directors confirm that the annual cap for the provision of the property management services under the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement) for the year ending 31 December 2020 have not been exceeded up to the date of this announcement.

Termination Agreement and the 2020 Master Ronshine Property Management and Related Services Agreement

As the Supplemental and Renewal Agreement is due to expire on 31 December 2020 and to further optimize and unify the Group's business relationship with Rongxin Shiou Property, the Board announces that on 3 November 2020:

- (i) the Company and Rongxin Shiou Property entered into the Termination Agreement; and
- (ii) the Company and Ronshine Service (which in turn indirectly holds Rongxin Shiou Property) entered into the 2020 Master Ronshine Property Management and Related Services Agreement.

Termination Agreement

Date: 3 November 2020

Parties: (a) the Company
(b) Rongxin Shiou Property

Pursuant to the Termination Agreement, the Company and Rongxin Shiou Property agreed to terminate the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement). Upon termination of which, each of the Company and Rongxin Shiou Property shall be released and discharged from its respective further liabilities and obligations thereunder absolutely.

2020 Master Ronshine Property Management and Related Services Agreement

Set out below are the principal terms of the 2020 Master Ronshine Property Management and Related Services Agreement:

Date: 3 November 2020

Parties: (a) the Company
(b) Ronshine Service

Subject: Pursuant to the 2020 Master Ronshine Property Management and Related Services Agreement, the parties agreed that Ronshine Service and its subsidiaries (including Rongxin Shiou Property) will provide property management and related services to the properties owned or used by the Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Group, (iv) value-added services which primarily include house and facility repair and maintenance, marketing promotion, property agency services, and (v) commercial operational services (collectively, the “**Property Management and Related Services**”).

Term: The 2020 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

Pricing: As a general principle, the price and terms of the individual services agreement in respect of the Property Management and Related Services to be provided pursuant to the 2020 Master Ronshine Property Management and Related Services Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group. Subject to the general principle disclosed above, the service fee payable by the Company to Ronshine Service for the Property Management and Related Services shall be determined with reference to:

- (i) the total area, locations, and conditions of the property projects of the Group in the PRC for which Property Management and Related Services is required by the Group for the period ending 31 December 2022;
- (ii) the costs to be incurred by Ronshine Service for the provision of the Property Management and Related Services (including the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials, salaries and benefits, costs incurred for the use of facilities and disbursements to third parties etc.);
- (iii) the quality of services provided by Ronshine Service and level of customer satisfaction;
- (iv) Ronshine Service's foundry with the circumstance of the Group's property projects prospects; and
- (v) the comparable market price where the normal costs of property management services concerned will be taken into account.

Payment: Payment for the Property Management and Related Services will be settled by bank transfer at credit terms to be agreed by the parties in accordance with market practice.

The 2020 Master Ronshine Property Management and Related Services Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between Ronshine Service (and/or its subsidiaries) and the Company (and/or its subsidiaries) for the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement.

Annual Caps and Basis of Determination

Pursuant to the 2020 Master Ronshine Property Management and Related Services Agreement, it is proposed that the cap amount for the Property Management and Related Services for the period from 3 November 2020 till 31 December 2020 and for each of the two financial years ending 31 December 2022 is expected not to exceed the following:

	For the period from 3 November 2020 to 31 December 2020 RMB	For the year ending 31 December 2021 RMB	For the year ending 31 December 2022 RMB
Provision of Property Management and Related Services by Ronshine Service to the Group	<u>62,000,000</u>	<u>342,000,000</u>	<u>368,000,000</u>

The annual caps for the Property Management and Related Services for the period from 3 November 2020 till 31 December 2020 and for each of the two financial years ending 31 December 2022 were determined by reference to: (i) the historical transaction amounts payable by the Group to Rongxin Shiou Property for the two years ended 31 December 2019 and the ten months ended 3 November 2020; and (ii) the expected amount of service fees payable to Ronshine Service for the provision of Property Management and Related Services with reference to (a) the anticipated increases in the demand for the Property Management and Related Services required by the Group during the term of the 2020 Master Ronshine Property Management and Related Services Agreement taking into account of the expected growth in the number of property development projects of the Group in the PRC and the expected area to be completed for each year during the term of the 2020 Master Ronshine Property Management and Related Services Agreement; and (b) the unit price per square meter as agreed from time to time.

It is expected that there will be an increase of Property Management and Related Services required by the Group from the year ending 31 December 2020 to the year ending 31 December 2021 and from the year ending 31 December 2021 to the year ending 31 December 2022 owing to (i) increased management fees and increased amounts of field services, pre-delivery services and other special services resulting from the continuous development and increased number year by year of property projects and (ii) increased fees on supporting equipment repair of property projects and updating of smart systems.

REASONS AND BENEFITS FOR ENTERING INTO THE 2020 MASTER RONSHINE PROPERTY MANAGEMENT AND RELATED SERVICES AGREEMENT

Taking into consideration of the quality of the management services previously provided to the Group by Rongxin Shiou Property, the Board is of the view that Rongxin Shiou Property has competitive strengths over other independent service providers of similar management services in the PRC. As at the date of the 2020 Master Ronshine Property Management and Related Services Agreement, Rongxin Shiou Property is an indirect wholly-owned subsidiary of Ronshine Service. Accordingly, Ronshine Service has a wider scope of services offering as compared to Rongxin Shiou Property. Accordingly, the entering of the 2020 Master Ronshine Property Management and Related Services Agreement will enable the Group to further unify its relationship with Ronshine Service as well as to secure a stable management service provision for the Group's property development projects from time to time.

As customer feedback and ranking is an important indicator of the quality of property management services, and quality property management services will elevate the Group's property branding and customer rating, and increase the market share of the Company's properties, it is industry practice to pay branding support fee to good property manager companies to achieve the aforesaid. At the same time, the early involvement of pre-delivery property management conforms to the concept of "complete cycle management" of properties. The aforesaid involvement in the planning, design and development of the properties serves important and irreplaceable purposes in the improvement of properties function. It ensures quality of property construction, reduction of early stage capital investment, and reduction of costly late-stage alteration fees. Accordingly, the Directors (including the independent non-executive Directors but excluding the Interested Director) consider that the terms of the 2020 Master Ronshine Property Management and Related Services Agreement are fair and reasonable and the entering into of the 2020 Master Ronshine Property Management and Related Services Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

LISTING RULES' IMPLICATION

As at the date of this announcement, Ronshine Service is indirectly owned as to 100% by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Ronshine Service and its subsidiaries are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the 2020 Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine Service constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) for the proposed annual cap amounts under the 2020 Master Ronshine Property Management and Related Services Agreement is or are, on an annual basis, expected to exceed 0.1% but less than 5%, the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement are subject to the reporting, annual review and announcement requirements, but are exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL

Subject to the general principle disclosed above, the pricing policy will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure that the 2020 Master Ronshine Property Management and Related Services Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will also conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement are conducted in accordance with the terms of the 2020 Master Ronshine Property Management and Related Services Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement and the Company's auditors will also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in property development, property investment and property construction in the PRC.

Ronshine Service is a company principally engaged in the provision of property management services for residential and non-residential properties, value-added services to non-property owners and community value added-services.

As at the date of this announcement, Ronshine Service is indirectly controlled as to 100% by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Accordingly, Mr. Ou is considered to have a material interest in the transactions contemplated under the 2020 Master Ronshine Property Management and Related Services Agreement and therefore has abstained from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the 2020 Master Ronshine Property Management and Related Services Agreement and the transactions contemplated thereunder.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“2016 Master Pre-delivery Property Management Agreement”	the agreement dated 8 November 2016 entered into between Rongxin Shiou Property and the Company in relation to the provision of Pre-delivery Property Management Services by Rongxin Shiou Property to the Group for a term from 8 November 2016 and ending on 31 December 2018
“2020 Master Ronshine Property Management and Related Services Agreement”	the agreement dated 3 November 2020 entered into between Ronshine Service and the Company in relation to the provision of Property Management and Related Services by Ronshine Service and its subsidiaries to the Group for a term from 3 November 2020 and ending on 31 December 2022
“associate”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Ronshine China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ou” or “Interested Director”	Mr. Ou Zonghong, an executive Director, the chief executive officer and the chairman of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Pre-delivery Property Management Services”	as defined under the paragraph headed “2016 Master Pre-delivery Property Management Agreement” of this announcement
“Property Management and Related Services”	as defined under the paragraph headed “2020 Master Ronshine Property Management and Related Services Agreement” of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Rongxin Shiou Property”	Rongxin Shiou Property Service Group Limited (融信世歐物業服務集團有限公司), formally known as Fujian Shiou Property Management Company Limited (福建世歐物業管理有限公司) and Fujian Rongxin Shiou Property Management Group Limited (福建融信世歐物業管理集團有限公司), a company established in the PRC and indirectly owned as to 100% by Mr. Ou
“Ronshine Service”	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company established in the Cayman Islands and indirectly owned as to 100% by Mr. Ou
“Share(s)”	ordinary shares with a nominal value of HK\$0.00001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Supplemental and Renewal Agreement”	the agreement dated 23 November 2018 entered into between Rongxin Shiou Property and the Company in relation to the revision and the renewal of the 2016 Master Pre-delivery Property Management Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the agreement dated 3 November 2020 entered into between Rongxin Shiou Property and the Company to terminate the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement)
“%”	per cent.

By Order of the Board of
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 3 November 2020

As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng are the independent non-executive Directors.